

Introduced by Senator Battin

February 19, 2004

An act to amend Sections 17514, 17557, and 17561 of the Government Code, relating to state mandates.

LEGISLATIVE COUNSEL'S DIGEST

SB 1573, as introduced, Battin. State mandates: reimbursement.

(1) Under the California Constitution, whenever the Legislature or a state agency mandates a new program or higher level of service on any local government, the state is required to provide a subvention of funds to reimburse the local government, with specified exceptions. Existing statutory law establishes a procedure for local government agencies to file claims for reimbursement of these costs with the Commission on State Mandates.

This bill would define the costs eligible for reimbursement under these provisions as including only costs in addition to those costs previously incurred, including any costs of discretionary efforts to implement the program or service prior to enactment of the mandate, unless the Legislature specifies that the previously optional costs are to be reimbursed; only those costs of providing, in the most cost-effective manner, the minimum level of program or service necessary to comply with the mandate; and only costs up to a maximum level specified in legislation.

(2) Existing law provides that when a local government submits a test claim for reimbursement, the commission is required to issue a statement of decision as to whether the claim constitutes a mandate and to adopt parameters and guidelines for submission of claims on that mandate. The test claimant is required to submit proposed parameters and guidelines within 30 days of adoption of a statement of decision.

This bill would require the commission, no less than 60 days prior to the anticipated date of adoption of parameters and guidelines, to submit the proposed parameters and guidelines to the chairpersons of the fiscal committees of the Legislature.

(3) Existing law requires the Controller to pay reimbursement on any claim the commission has determined constitutes a state mandate, as specified.

This bill would require the Controller, when paying any claim for reimbursement, to credit the amount of any state or federal funding available to the claimant for the mandate as an offset to the amount of the claim.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 17514 of the Government Code is
2 amended to read:

3 17514. (a) “Costs mandated by the state” means ~~any~~ *all of*
4 *the following*:

5 (1) Any increased costs ~~which~~ *that* a local agency or school
6 district is required to incur after July 1, 1980, as a result of any
7 statute enacted on or after January 1, 1975, or any executive order
8 implementing any statute enacted on or after January 1, 1975,
9 ~~which~~ *that* mandates a new program or higher level of service of
10 an existing program within the meaning of Section 6 of Article
11 XIII B of the California Constitution, *subject to paragraphs (2) to*
12 *(4), inclusive.*

13 (2) *Only costs in addition to the costs that a local agency or*
14 *school district previously incurred, including any costs of*
15 *discretionary efforts to implement the program or service prior to*
16 *enactment of a statute containing the mandate, unless the*
17 *Legislature specifies that the previously optional costs are to be*
18 *reimbursed.*

19 (3) *Only those costs of providing, in the most cost-effective*
20 *manner, the minimum level of program or service necessary to*
21 *comply with the mandate.*

22 (4) *The costs necessary to comply with the mandate, as limited*
23 *by any maximum levels of service or cost specified in the Budget*
24 *Act or in any other legislation that further defines or limits the cost*

1 *of the mandate or that specifically appropriates an amount*
2 *intended to fund the costs of the mandate.*

3 *(b) “Costs mandated by the state” do not include any of the*
4 *following:*

5 *(1) Costs incurred by local agencies pursuant to state*
6 *requirements that apply only to programs that local agencies*
7 *voluntarily choose to implement.*

8 *(2) Costs of redirected time of existing employees to implement*
9 *a mandate, unless the redirection of time is so material that the*
10 *employees cannot accomplish their regular duties.*

11 *(3) Costs incurred in compliance with any federal law that*
12 *subsequently mandates the same or a similar level of service*
13 *previously mandated by the state.*

14 SEC. 2. Section 17557 of the Government Code is amended
15 to read:

16 17557. (a) If the commission determines there are costs
17 mandated by the state pursuant to Section 17555, it shall determine
18 the amount to be subvended to local agencies and school districts for
19 reimbursement. In so doing it shall adopt parameters and
20 guidelines for reimbursement of any claims relating to the statute
21 or executive order. The successful test claimants shall submit
22 proposed parameters and guidelines within 30 days of adoption of
23 a statement of decision on a test claim. At the request of a
24 successful test claimant, the commission may provide for one or
25 more extensions of this 30-day period at any time prior to its
26 adoption of the parameters and guidelines. If proposed parameters
27 and guidelines are not submitted within the 30-day period and the
28 commission has not granted an extension, then the commission
29 shall notify the test claimant that the amount of reimbursement the
30 test claimant is entitled to for the first 12 months of incurred costs
31 will be reduced by 20 percent, unless the test claimant can
32 demonstrate to the commission why an extension of the 30-day
33 period is justified. A local agency, school district, and the state may
34 file a claim or request with the commission to amend, modify, or
35 supplement the parameters or guidelines. The commission may,
36 after public notice and hearing, amend, modify, or supplement the
37 parameters and guidelines.

38 (b) In adopting parameters and guidelines, the commission
39 may adopt an allocation formula or uniform allowance ~~which~~ *that*

1 would provide for reimbursement of each local agency or school
2 district of a specified amount each year.

3 (c) The parameters and guidelines adopted by the commission
4 shall specify the fiscal years for which local agencies and school
5 districts shall be reimbursed for costs incurred, provided, however,
6 that the commission ~~shall~~ *may* not specify therein any fiscal year
7 for which payment could be provided in the annual Budget Act. A
8 test claim shall be submitted on or before June 30 following a fiscal
9 year in order to establish eligibility for reimbursement for that
10 fiscal year. The claimant may thereafter amend the test claim at any
11 time prior to a commission hearing on the claim without affecting
12 the original filing date as long as the amendment substantially
13 relates to the original test claim.

14 (d) *No less than 60 days prior to the commission's anticipated*
15 *date of adoption of parameters and guidelines, the commission*
16 *shall submit the proposed parameters and guidelines and an*
17 *estimate of the statewide fiscal impact of the mandate to the*
18 *chairpersons of the fiscal committees of the Legislature.*

19 SEC. 3. Section 17561 of the Government Code is amended
20 to read:

21 17561. (a) The state shall reimburse each local agency and
22 school district for all “costs mandated by the state,” as defined in
23 Section 17514.

24 (b) (1) For the initial fiscal year during which these costs are
25 incurred, reimbursement funds shall be provided as follows:

26 (A) Any statute mandating these costs shall provide an
27 appropriation therefor.

28 (B) Any executive order mandating these costs shall be
29 accompanied by a bill appropriating the funds therefor, or
30 alternatively, an appropriation for these costs shall be included in
31 the Budget Bill for the next succeeding fiscal year. The executive
32 order shall cite that item of appropriation in the Budget Bill or that
33 appropriation in any other bill ~~which~~ *that* is intended to serve as
34 the source from which the Controller may pay the claims of local
35 agencies and school districts.

36 (2) In subsequent fiscal years appropriations for these costs
37 shall be included in the annual Governor's Budget and in the
38 accompanying Budget Bill. In addition, appropriations to
39 reimburse local agencies and school districts for continuing costs
40 resulting from chaptered bills or executive orders for which claims

1 have been awarded pursuant to subdivision (a) of Section 17551
2 shall be included in the annual Governor's Budget and in the
3 accompanying Budget Bill subsequent to the enactment of the
4 local government claims bill pursuant to Section 17600 that
5 includes the amounts awarded relating to these chaptered bills or
6 executive orders.

7 (c) The amount appropriated to reimburse local agencies and
8 school districts for costs mandated by the state shall be
9 appropriated to the Controller for disbursement.

10 (d) The Controller shall pay any eligible claim pursuant to this
11 section within 60 days after the filing deadline for claims for
12 reimbursement or 15 days after the date the appropriation for the
13 claim is effective, whichever is later. The Controller shall disburse
14 reimbursement funds to local agencies or school districts if the
15 costs of these mandates are not payable to state agencies, or to state
16 agencies that would otherwise collect the costs of these mandates
17 from local agencies or school districts in the form of fees,
18 premiums, or payments. When disbursing reimbursement funds to
19 local agencies or school districts, the Controller shall disburse
20 them as follows:

21 (1) For initial reimbursement claims, the Controller shall issue
22 claiming instructions to the relevant local agencies pursuant to
23 Section 17558. Issuance of the claiming instructions shall
24 constitute a notice of the right of the local agencies and school
25 districts to file reimbursement claims, based upon parameters and
26 guidelines adopted by the commission.

27 (A) When claiming instructions are issued by the Controller
28 pursuant to Section 17558 for each mandate determined pursuant
29 to Section 17555 that requires state reimbursement, each local
30 agency or school district to which the mandate is applicable shall
31 submit claims for initial fiscal year costs to the Controller within
32 120 days of the issuance date for the claiming instructions.

33 (B) When the commission is requested to review the claiming
34 instructions pursuant to Section 17571, each local agency or
35 school district to which the mandate is applicable shall submit a
36 claim for reimbursement within 120 days after the commission
37 reviews the claiming instructions for reimbursement issued by the
38 Controller.

39 (C) If the local agency or school district does not submit a claim
40 for reimbursement within the 120-day period, or submits a claim

1 pursuant to revised claiming instructions, it may submit its claim
2 for reimbursement as specified in Section 17560. The Controller
3 shall pay these claims from the funds appropriated therefor,
4 provided that the Controller (i) may audit the records of any local
5 agency or school district to verify the actual amount of the
6 mandated costs, and (ii) may reduce any claim that the Controller
7 determines is excessive or unreasonable.

8 (2) In subsequent fiscal years each local agency or school
9 district shall submit its claims as specified in Section 17560. The
10 Controller shall pay these claims from funds appropriated therefor,
11 provided that the Controller (A) may audit the records of any local
12 agency or school district to verify the actual amount of the
13 mandated costs, (B) may reduce any claim that the Controller
14 determines is excessive or unreasonable, and (C) shall adjust the
15 payment to correct for any underpayments or overpayments which
16 occurred in previous fiscal years.

17 (3) When paying a timely filed claim for initial reimbursement,
18 the Controller shall withhold 20 percent of the amount of the claim
19 until the claim is audited to verify the actual amount of the
20 mandated costs. All initial reimbursement claims for all fiscal
21 years required to be filed on their initial filing date for a
22 state-mandated local program shall be considered as one claim for
23 the purpose of computing any late claim penalty. Any claim for
24 initial reimbursement filed after the filing deadline shall be
25 reduced by 10 percent of the amount that would have been allowed
26 had the claim been timely filed. The Controller may withhold
27 payment of any late claim for initial reimbursement until the next
28 deadline for funded claims unless sufficient funds are available to
29 pay the claim after all timely filed claims have been paid. In no case
30 ~~shall~~ may a reimbursement claim be paid if submitted more than
31 one year after the filing deadline specified in the Controller's
32 claiming instructions on funded mandates contained in a claims
33 bill.

34 *(e) When paying any claim for reimbursement under this part,*
35 *the Controller shall credit the amount of any state or federal*
36 *funding available to the claimant for the program or higher level*
37 *of service as an offset to the amount of the claim.*